

## Pre-contractual information on sustainability risks in “CBL Life” life insurance with capital accumulation in funds with a **BALANCED** strategy



### Integration of sustainability risks into investment decisions

AAS "CBL Life" considers sustainability risks in the overall process of identifying, assessing and managing risks. As a Citadele Group company, we are bound by the risk policies, procedures and rules developed by the group, including environmental, social and governance (ESG) risks. In turn, in investment decision-making, the assessment of sustainability risks is carried out by the investment manager IPAS "CBL Asset Management".

AAS "CBL Life" accepts IPAS "CBL Asset Management" approach to integrating sustainability risks into investment decisions and believes that thus sustainability risks are reduced by offering clients a sufficiently diversified investment portfolio and does not carry out additional sustainability risk assessment in the financial products offered. IPAS "CBL Asset Management" is a signatory to the United Nations (UN) Principles for Responsible Investment (PRI), thus the company commits to six principles:

1. incorporate ESG issues into investment analysis and decision-making processes;
2. be active owners and incorporate ESG issues into ownership policies and practices;
3. to seek appropriate disclosure on ESG issues by the entities in which we invest;
4. to promote acceptance and implementation of the PRI within the investment industry;
5. cooperate with signatories of the PRI principles to increase the effectiveness of their implementation;
6. report on activities and progress towards implementing the PRI.

IPAS "CBL Asset Management" has developed different methods to integrate sustainability risks into the various financial products it offers.

### Information on sustainability risks in Balanced strategy investment funds

When choosing a life insurance product with the **Balanced** investment strategy, all accumulated funds are invested in the "CBL Optimal Opportunities Fund". The objective of the fund is long term capital appreciation of investments in share certificates (units) of investment funds registered in Latvia or other European Union member states and in securities equivalent to them. The Fund has an active investment strategy that focuses on the selection of financial instruments, complying with the principles of diversification and risk reduction, including ESG risk management.

Fund title	ISIN	Fund category according SFDR <sup>1</sup>	Does the fund promote environmental/ social (E/S) characteristics?	Does the fund have a sustainable investment objective?	Does the fund commit to investing a minimum share in sustainable investments?	Does the fund consider the principal adverse impacts on sustainability factors?
CBL Optimal Opportunities Fund	LV0000400398	Article 6 <sup>2</sup>	No	No	No	No

<sup>1</sup> SFDR - Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

<sup>2</sup> SFDR Article 6 – financial products without sustainable investment objectives or promotion of environmental/social characteristics

The Asset manager manages sustainability-related factors indirectly, as Opportunities funds usually hold a small amount of voting rights in final financial instruments. This is mainly done by channelling investments to third-party investment managers that are signatories to the UN PRI and/or have published sustainability-related information on their websites. In its review of these investments, the asset management company has concluded that the ten largest by volume of assets under management managers meet these criteria.

The investment decision-making process is governed by the Sustainability and Engagement Policy of IPAS "CBL Asset Management", which is available on the website <https://www.cblam.lv/en/sustainability/>.



### **Results of the assessment of the potential impact of sustainability risks on the profitability of financial products**

IPAS "CBL Asset Management" has conducted an internal risk materiality assessment and concluded that, for fund of funds such as the CBL Prudent Opportunities Fund, other risks are considered more significant than sustainability risks.

However, IPAS "CBL Asset Management" believes that sustainability factors can influence the value of investments in the long term and shares the view that by integrating ESG aspects into asset management, the return on investment increases or remains neutral at a lower overall risk level in the long term. Therefore, sustainability risks are considered indirectly.



### **The investment manager does not consider the principal adverse impact of investment decisions on sustainability factors**

Being aware of the limited availability of data on the principal adverse impact of investment decisions on sustainability factors and the negligible possibility of mitigating the impact of the final issuer due to the small share of investments, the investment manager IPAS "CBL Asset Management" currently does not consider the principal adverse impacts of investment decisions on sustainability factors when managing the "CBL Optimal Opportunities Fund". However, the investment manager follows changes in market practices, regulation and data availability to assess when it will be possible to systematically and reliably assess the principal adverse impacts of investment decisions on sustainability factors.